GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:843
ANSWERED ON:27.07.2001
OVERSEAS CORPORATE BODIES IN STOCK MARKET
RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

(a) whether the overseas corporate bodies (OCBs) are used by Indian stock brokers with manipulative intentions;

(b) if so, the steps the Government propose to take to stop the misuse of OCBs;

(c) whether it is further a fact that OCB, namely, Brentfield played role in the transaction of GTB shares in November, 2000; and

(d) if so, the action taken therein?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (d) : SEBI has intimated that during thecourse of preliminary investigations by SEBI,into recent market manipulations, indications of use of certain OCBs for circular trading, concentration ofholding, parking of shares by a few stock brokers were noticed. Further investigations into the role of OCBs in possibleprice manipulation, violation of SEBI (Substantial Acquisition of shares and Takeover) Regulations etc. are in progress.

SEBI has intimated that Brentfield has transactedin the shares of Global Trust Bank. Investigationsinto possible manipulation in the share price of Global Trust Bank are in progress. The role of OCBs including Brentfield inmarket manipulation, if any, is being examined and appropriate action under the SEBI Act and its Regulations would betaken on the findings of the investigations, after following the due process of law.